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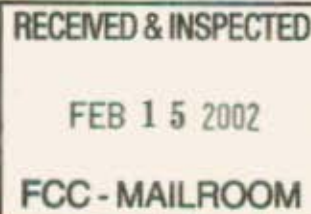
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John S. Hendricks  
Chairman and Chief Executive Officer

EX PARTE OR LATE FILED

December 18, 2001

Ms. Magalie Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554



Re: Ex Parte Presentation in CS Docket No. 98-120 /

Dear Ms. Salas:

On December 7, 2001, Ms. Geraldine Laybourne, Chairman & CEO of Oxygen Media, Inc., and I met with Commissioner Kevin Martin and his legal advisor, Catherine Bohigian. We discussed the digital television transition and, specifically, the impact digital must carry would have on cable programmers such as Oxygen and Discovery. We explained the challenges program networks face in securing cable carriage and the harm to our companies of giving broadcasters another advantage in the competition for cable carriage. We expressed concern about proposals that call for mandatory carriage of a broadcaster's analog and digital signal during the transition as well as those that call for mandatory carriage of more than the broadcaster's primary digital signal. The enclosed materials were left with Commissioner Martin and Ms. Bohigian.

In accordance with Section 1.1206 of the Commission's Rules, an original and one copy of this letter, including enclosures, are being filed with your office.

Sincerely,

John Hendricks  
Chairman & CEO  
Discovery Communications, Inc.

Enclosures

No. of Copies rec'd 0  
List A B C D E

cc: Commissioner Kevin Martin  
Catherine Bohigian, Legal Advisor to Commissioner Martin

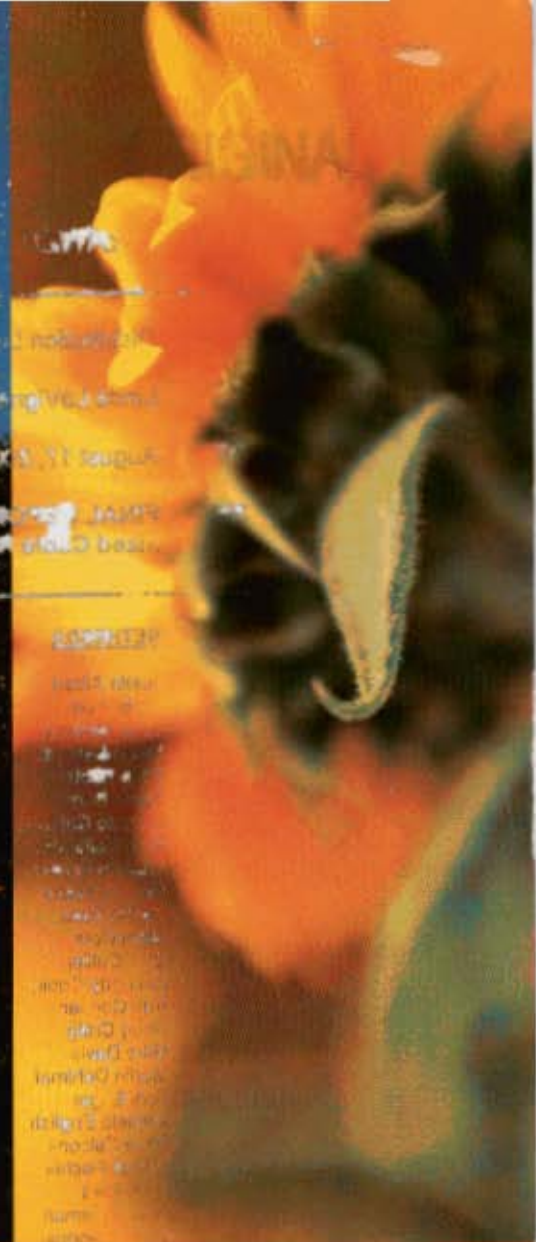
Networks of Discovery Communications, Inc.

Discovery Digital Networks



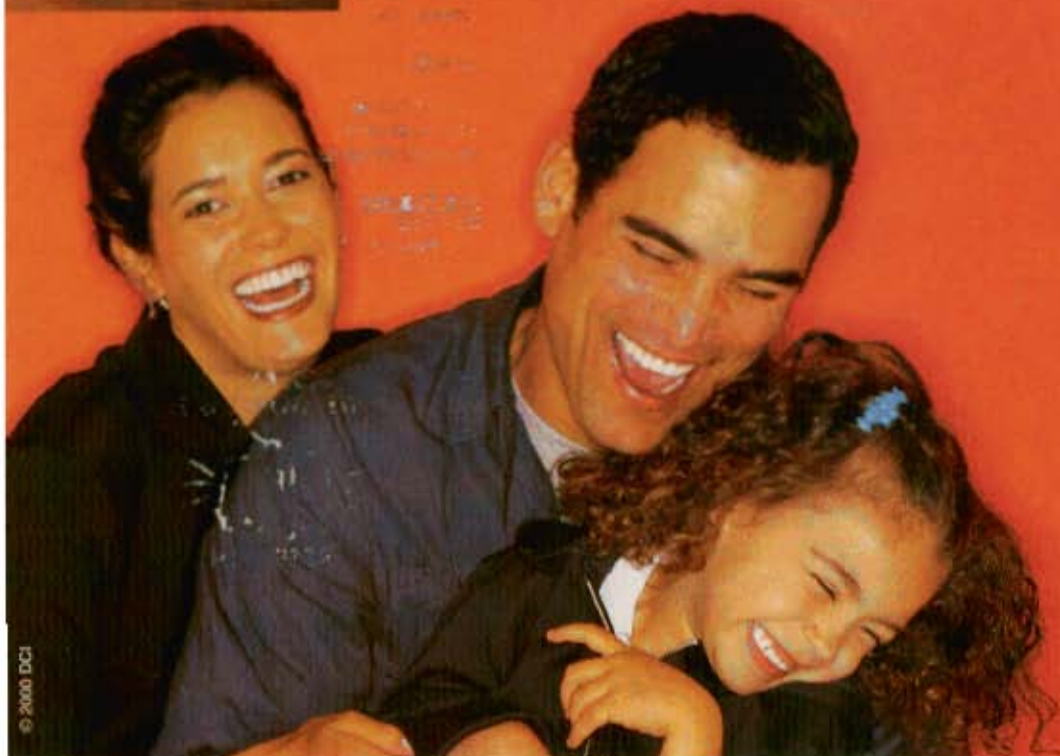
Discovery Kids Channel  
Discovery Civilization Channel  
Discovery Home & Leisure Channel  
Discovery Science Channel  
Discovery Wings Channel





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Discovery  
**WINGS**  
CHANNEL



From before the dawn of time through the great events of the 20th century, Discovery Civilization gives viewers a front row seat to life's most riveting turning points—past, present and future. Immerse yourself in captivating stories about social history, the natural world and global cultures.

Discovery  
**CIVILIZATION**  
CHANNEL



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Discovery  
**HOME  
& LEISURE**  
CHANNEL



Come to a place where curious minds gather. From the Big Bang to the Jupiter probe, from a single cell to the human brain, Discovery Science Channel explores life's greatest mysteries and smallest wonders—chronicling our fascination with the how and why.

Discovery  
**SCIENCE**  
CHANNEL



Discover the richness and diversity of our ever changing world with this unique 24-hour Spanish language network that delivers the best that Discovery has to offer in entertaining and informative documentaries and children's programming.

Discovery  
**EN ESPAÑOL**



Discovery Kids Channel is a playground for young minds—the place where kids can explore their world and satisfy their curiosity in a hip, hot, entertaining way. Designed for young people 7-14, Discovery Kids Channel is a safe haven for kids to learn about life and have fun.

Discovery  
**KIDS**  
CHANNEL

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## MEMORANDUM

TO: Distribution List

FR: Linda LaVigne

DT: August 17, 2001

SUBJECT: FINAL REPORT Data Cable Subscriptions Study - Interest in emerging/wid-  
spread Data Cable Use

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RESEARCH



This report is a summary of results from the 2001 Beta Cable Subscriber Study – interest in Emerging/Mid-sized Cable Networks. The study was administered in June of this year among a national sample of cable subscribers age 18+. A total of 1,014 telephone interviews were completed -- 507 interviews were completed within the mid-sized network (and premium plex networks) study and another 507 interviews were conducted within the emerging networks study. Within each study, cable subscriber interest in viewing each network is measured based upon the network description.

This marks the second year that the Discovery Digital Networks were measured as a package as well as individually. Discovery Digital Networks, Discovery Health and BBC America were all measured as emerging networks (less than 15 million subscribers) and Travel Channel was measured as a mid-sized (between 15 and 49 million subscribers) network. In addition, National Geographic Channel was also measured for the first time this year within the Emerging Networks study.

**Please note: Beta Research has placed an embargo on external release of these data until September 10, 2001. We are therefore contractually obligated to not share these data in trade advertisements or with the press until that date. However, we are allowed to use these results in one on one meetings and presentations prior to September 10. Thank you for your cooperation.**

Interest in network 4/5 on 5-point scale among:	DSci	DCiv	DWings	DH&L	DKids	DHC	BBCA
Total sample	#3 48%	#8 39%	#23 23%	#20 26%	#11 35%	#9 38%	#25 21%
Men	#2 56%	#4 48%	#13 32%	#27 20%	#16 28%	#11 37%	#22 22%
Women	#11 40%	#16 31%	#32 14%	#15 33%	#9 42%	#11 40%	#27 20%
Age 18-34	#2 47%	#17 33%	#30 22%	#24 26%	#4 46%	#16 34%	#34 18%
Age 18-49	#2 50%	#14 37%	#26 25%	#24 27%	#5 45%	#15 35%	#31 20%
Persons with children age 12 and under	#7 54%	#16 41%	#27 26%	#20 33%	#1 65%	#17 39%	#31 19%
Persons who subscribe to or are interested in subscribing to a digital tier	#3 54%	#8 43%	#26 25%	#22 29%	#9 42%	#12 39%	#30 23%
Persons interested in satellite dish service	#3 52%	#8 38%	#18 28%	#26 22%	#16 33%	#9 37%	#26 22%
Persons interested in high- speed Internet service	#3 54%	#4 45%	#23 25%	#23 25%	#10 39%	#11 38%	#29 20%
Heavy Internet users (10+ hours per week)	#2 50%	#8 36%	#25 23%	#26 22%	#14 32%	#9 35%	#32 16%

Discovery Digital Package:

- For the second year in a row, Discovery Digital Package (74%) was #1 in cable subscriber interest among ad-supported packages surpassing MTV/VH1 Suite (50%) and Nickelodeon Package (38%). **Among all sample groups, the percent with high interest in any Discovery Digital Network was higher than all individual emerging digital networks (including National Geographic) and non-sized networks.**
- In fact, among ad-supported packages, Discovery Digital Package was #1 in cable subscriber interest among:
  - Total sample;
  - Women;
  - Men;
  - Persons 18-34 years old;
  - Persons 18-49 years old;
  - Households with children age 12 and under;
  - Persons who subscribe or would definitely/probably subscribe to a digital tier;
  - Persons Extremely/Very/Fairly interested in satellite dish service;
  - Persons Extremely/Very/Fairly interested in high speed Internet service;
  - Heavy Internet users (10+ hours/wk.).

The following chart summarizes cable subscriber interest in Discovery Digital Networks. The percents with high interest (a "4" or "5" on 5-point scale) were comparable to the 2000 study.

	<u>2001</u>	<u>2000</u>
Discovery Science Channel.....	48%	48%
Discovery Civilization Channel.....	39%	38%
Discovery Kids Channel.....	35%	38%
Discovery Home & Leisure Channel.....	26%	27%
Discovery Wings Channel.....	23%	23%
Any Discovery Digital Network.....	74%	72%

Discovery Science Channel:

- Interest in Discovery Science Channel was at forty-eight percent, which is exactly where it was last year.
- Among the 38 ad-supported emerging networks measured, Discovery Science Channel ranked in the top five in cable subscriber interest among:
  - Total sample;
  - Men;
  - Persons age 18-34;
  - Persons age 18-49;
  - Persons interested in a satellite dish service;
  - Heavy Internet users (10+ hrs./wk.);
  - Persons with digital tier/interested in subscribing to a digital tier;
  - Persons interested in a high-speed Internet service.
- Discovery Science Channel was the number one emerging network in its correlation with likelihood to subscribe to a digital tier.





## Discovery Science Channel, cont.:

- Aided awareness of Discovery Science was at 41% (48% last year) – comparable to CNNfn (41%), Toon Disney (41%) and Discovery Health Channel (39%).

## Discovery Kids Channel:

- Interest in Discovery Kids was at thirty-five percent, which is fairly consistent with last year when it was at thirty-eight percent. Keep in mind that differences of less than four percentage points are not statistically significant.
- For the second year in a row, Discovery Kids ranked #1 among ad-supported emerging networks in interest among persons with children age 12 and under.
- Discovery Kids also ranked in the top five among persons age 18-34 and persons age 18-49.
- The network ranked in the top ten among women, persons who subscribe to or are interested in subscribing to a digital tier and persons interested in high-speed Internet service.
- Aided awareness of Discovery Kids was at 43% up from 36% the year before and comparable to The Outdoor Channel (42%), Discovery Science Channel (41%) and CNNfn (41%). Aided awareness of National Geographic Channel was at 67%.

## Discovery Civilization Channel:

- Interest in Discovery Civilization Channel also remained consistent with last year. In 2000 interest in the network was at thirty-eight percent and in 2001 it was at thirty-nine percent.
- Discovery Civilization Channel ranked in the top five in cable subscriber interest among men (48%) and persons interested in high-speed Internet service (45%).
- Discovery Civilization also ranked in the top ten among:
  - Total sample;
  - Persons interested in a satellite dish service;
  - Persons who subscribe or are interested in subscribing to a digital tier; and
  - Heavy Internet users (10+ hours/week)
- Aided awareness of Discovery Civilization was at 14%, which is fairly comparable to its performance in 2000 at 16%.

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#### Discovery Wings Channel:

- Interest in Discovery Wings was at twenty-three percent this year, which is exactly the same as last year. This level of interest is comparable to that of The Outdoor Channel (23%), MTV2 (23%) and Nickelodeon Games & Sports (22%).
- Among and-supported emerging networks, Discovery Wings Channel ranked number one in its correlation with likelihood to subscribe to a satellite dish service and number eight in its correlation with likelihood to subscribe to a digital tier.
- Aided awareness of Discovery Wings was at 15% which was comparable to Discovery Civilization (14%), MTV "S" (11%) and MTV "X" (11%).

#### Discovery Health Channel:

- Interest in Discovery Health Channel also remained fairly consistent with last year. In 2000 interest in the network was at thirty-five percent and it is at thirty-eight percent in 2001.
- Discovery Health ranked in the top ten in cable subscriber interest among:
  - Total sample
  - Persons interested in satellite service; and
  - Heavy Internet users (10+ hours/week).
- Aided awareness of Discovery Health Channel was at 39%, up from 33% in 2000 and 29% in 1999. This level of awareness was comparable to PBS Kids Channel (39%) and VH1 Classic (35%).

#### BBC America:

- BBC America tied with Oxygen in cable subscriber interest. Twenty-one percent of cable subscribers reported interest in each network. Interest in BBC America was a comparable twenty-two percent last year.
- Aided awareness of BBC America seems to be adjusting back to earlier levels. Awareness for BBCA was 28% this year up from 16% in 2000 but comparable to its performance in 1999 of 23%. This level of awareness was comparable to Nick-Too (26%) and Sundance Channel (26%).

#### Travel Channel:

- Among mid-sized networks, Travel Channel (31%) ranked in the top 10 in cable subscriber interest. This is an increase from last year when interest was at 25% and from 1999 levels when interest was at 23%. This level of interest is comparable to Food Network (31%) and Odyssey (30%).
- Travel Channel ranked in the top five among men (30%) and heavy Internet users (10+ hours/week) (37%).
- Travel Channel ranked in the top ten among persons interested in satellite service (30%)

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## Multichannel News

Nov 1, 1999

### Disney's Retrans Clout Comes to SoapNet's Aid.(Statistical Data Included)

Author/s: Linda Moss

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The Walt Disney Co. is playing hardball with some cable operators over its new SoapNet channel, telling two small systems in Illinois they can't continue carrying the signal for ABC's Chicago TV station unless they add the soap-opera network to their lineups.

The retransmission-consent flap involves two cable systems that are in rural areas but still lie within the Chicago DMA, according to Matt Polka, president of the American Cable Association, which represents 300 independent cable operators serving 2.5 million homes.

Those two Illinois cable systems need to renew their retransmission-consent deals in order to continue carrying the signal of WLS-TV, which is owned and operated by ABC Inc., a unit of media giant Disney.

Disney, of course, also has a stable of cable networks, and it is looking to launch a new one -- 24-hour soap-opera channel SoapNet -- in January.

Cable operators have previously reported that Disney is looking to exchange cable carriage of SoapNet in return for retransmission consent for its ABC television stations.

But the situation in Illinois showed for the first time that Disney is being quite aggressive in its push to get SoapNet distribution, and cable operators aren't happy about it.

"I call it blackmail," said Skip Kraus, owner of Manhattan Cable TV, a mom-and-pop system located 38 miles outside of Chicago. "It's being jammed down our throats."

Officials at the second small cable system that was threatened with losing WLS-TV's signal could not be reached for comment.

Polka in particular is crying foul on behalf of his constituents. He claimed that the latest round of retransmission-consent agreements is being used -- by media conglomerates with both broadcast and cable holdings -- to force small cable operators to carry new cable networks that subscribers don't necessarily want.

"[Small operators] have limited channel capacity," Polka said. "They want to put on a known service. Now they must put on a brand-new, untested service, SoapNet."

Said Kraus: "My customers don't know a thing about this channel."



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**Multichannel News**

Dec 6, 1999

**Disney/ABC's Sweeney: Full Speed on SoapNet.**

In a cutthroat environment where programmers are bitterly fighting for shelf space, Disney/ABC Cable Networks in January will launch SoapNet, a 24-hour cable soapopera channel that will air same-day repeats of ABC soaps in primetime. It's a risky undertaking for Disney/ABC Cable. The company is using retransmission consent for ABC TV stations as a bargaining chip to get carriage for SoapNet, which is going head-to-head against another soap channel, Sony Corp.'s SoapCity. Anne Sweeney, who succeeded Geraldine Laybourne as president of Disney/ABC Cable, is overseeing the debut of SoapNet -- which will give part of its profits and subscriber fees to ABC affiliates -- as she did in the successful launch of animation channel Toon Disney. Sweeney, a veteran of FX Networks and Nickelodeon, is in charge of a domain whose flagship, Disney Channel, is at odds with some MSOs as it tries to complete its conversion to a basic service. Sweeney is also responsible for managing Disney/ABC Cable's stakes in a stable of networks and their spinoffs, including Lifetime Television -- which faces a new competitor in Laybourne's Oxygen next year -- as well as A&E Television Networks and E! Entertainment Television. In a recent interview in New York, Multichannel News editor in chief Marianne Paskowski and programming editor Linda Moss asked Sweeney about SoapNet's rollout, the implications of broadcast-program repurposing on cable, the Disney Channel conversion and how she thinks the ex-Nick cohort, Laybourne, will fare with Oxygen. An edited transcript follows:

MCN: You've been president of Disney/ABC Cable Networks now for more than one year, right?

AS: Since August of '98.

MCN: That's kind of a vast empire -- Disney Channel, Toon Disney and stakes in Lifetime, Lifetime Movie Network, E!, Style, A&E Network, The History Channel, The Biography Channel, History Channel International -- 10 channels in all. Are we forgetting anything?

AS: Soon-to-be SoapNet.

MCN: It's a very disparate bag of holdings. What does Disney/ABC Cable stand for now as a company, or what will it stand for when SoapNet is here?

AS: What we have at Disney/ABC Cable Networks, unlike other network groups out there, is a constant source of content, both from the television-production groups that are a part of Disney and from the broadcast network and the content that is created by all of the cable networks.

MCN: I guess my point is, having such a broad array of channels, can Disney/ABC stand for one thing as a programming company the way that Viacom Inc. does for music networks, or the way that Turner Broadcasting System Inc. does for entertainment and news?

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